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August 6, 2001

By Hand

David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

Re: Petition for Arbitration of the Interconnection Agreement Between AT&T
Communications of the South Central States, Inc., TCG MidSouth, Inc. and BellSouth
Telecommunications, Inc.) Pursuant to the 47 U.S.C. § 252

Docket No. 00-00079


Dear Mr. Waddell:

The Authority is currently considering all of the issues presented in the arbitration hearing between BellSouth Telecommunications, Inc. ("BellSouth") and AT&T. The purpose of this letter is to notify you that on July 19, 2001, BellSouth and AT&T entered into a negotiated settlement of Issue 5, "How Should AT&T and BellSouth Interconnect their Networks in Order to Originate and Complete Calls to End-users," as well as Issue 9, "What Is The Appropriate Treatment of Outbound Voice Calls Over Internet Protocol ("IP") Telephony, as it Pertains to Reciprocal Compensation?"

BellSouth and AT&T have reached a settlement on these issues in seven states: Alabama, Louisiana, Tennessee, Kentucky, North Carolina, South Carolina, and Mississippi. On July 19 and 20, 2001, the companies jointly filed interconnection agreements with the North Carolina Utilities Commission and the Kentucky Public Service Commission, respectively, which include language giving affect to the negotiated settlement. The parties will file the same contract language in Alabama, Louisiana, Tennessee, South Carolina, and Mississippi as the dates for filing those agreements are set. The Mississippi interconnection agreement was filed before this settlement was reached. As a result, the parties will file an amendment to the Mississippi interconnection agreement to incorporate the new contract language.

Thank you for the time and attention you have given to these as well as all the issues in this proceeding. Please do not hesitate to contact me should you have any questions.

Sincerely,


Jim Lamoureux *my personal*
for

cc: Douglas Lackey